

August 10, 2009

The Honorable Tom Vilsack  
Secretary of Agriculture  
United States Department of Agriculture  
1400 Independence Avenue, S.W.  
Washington, DC 20250

Dear Secretary Vilsack,

Dairy farmers across this nation – regardless of the size of their farm – are suffering. Record low milk prices and high input costs are leading to devastating losses. We appreciate the administration's decision, announced July 31, to increase the amount paid for dairy products through the Dairy Product Price Support Program (DPPSP). The potential for an additional \$243 million in revenue, for the months of August through September, will provide much needed relief to our dairy farmers.

We also applaud measures the United States Department of Agriculture has taken to help meet prevailing world prices and develop export markets for dairy products under the Dairy Export Incentive Program (DEIP) for the new marketing year (July 2009 – June 2010). Despite these measures, significant losses continue in the dairy industry.

While, the Milk Income Loss Contract (MILC) program has been beneficial to dairy farm families since its inclusion in the 2002 Farm Bill, MILC still does not cover the cost of production on these family farms. The base price trigger has not changed since the beginning of the program. A Feed Adjustment Calculation, which recognizes the significant increases in the cost of feed, was added in the 2008 Farm Bill. However, the dramatic increases in fuel and energy costs, supplies and other cost of production items required to operate a dairy are not reflected in the current MILC payment rate. If adjusted for inflation, the Boston Class I base price trigger of \$16.94 would exceed \$20.00 cwt.

As governors of dairy-producing states, we hear on a regular basis of the struggles of dairy farmers and call on you to provide additional relief to help offset the losses incurred since March, 2009. Specifically, we urge you to support the "Dairy Fairness Act" of 2009 (H.R. 3166), sponsored by Congressman Peter Welch (VT), which would adjust the overall payment rate for the MILC program from 45 percent to 79 percent of the difference between the price of milk and the target price. This payment rate would more appropriately reflect the expenses that our dairy farmers face, and, though not a permanent solution would provide immediate relief for our farmers. In addition, we urge you to utilize all available resources under your authority in an effort to save our dairy farms and the jobs that come with them.

The dairy industry is a vital component of our nation's agriculture economy and provides a critical resource for American families. Your support of measures to assist the nation's dairy farmers, including H.R. 3166, could not come at a more critical time.

Sincerely,



Governor Steven L. Beshear  
Kentucky



Governor Bill Ritter, Jr.  
Colorado



Governor M. Jodi Rell  
Connecticut



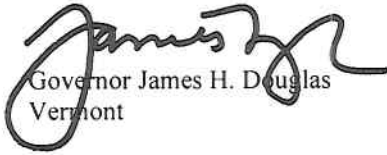
Governor Felix P. Camacho  
Guam

A handwritten signature in black ink, appearing to read "Chester Culver". The script is fluid and cursive.

Governor Chester J. Culver  
Iowa

A handwritten signature in black ink, appearing to read "Brad Henry". The script is fluid and cursive.

Governor Brad Henry  
Oklahoma

A handwritten signature in black ink, appearing to read "James H. Douglas". The script is fluid and cursive.

Governor James H. Douglas  
Vermont